

# A Study on the Role of CRM in Enhancing Relationship Quality and Customer Perception at Sundaram Finance, Chennai

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**ABSTRACT** - Customer Relationship Management (CRM) is important for improving relationship quality and how customers view a company in the financial services industry. This study looks at how CRM practices affect customers at Sundaram Finance Limited, Chennai, with a focus on factors like customer satisfaction, trust, communication, and long-term relationships. The research uses primary data from 148 respondents collected through a structured questionnaire.

To analyze the data, statistical tools such as ANOVA and chi-square tests were used. The results show that CRM practices have a positive but not very strong effect on how customers perceive the company.

However, some issues were found, such as not enough effective communication, problems with digital platforms, and slow responses to customer complaints.

These problems affect the overall quality of service and the customer experience. The study finds that improving CRM strategies, being more transparent, and responding better to customer needs can significantly improve customer satisfaction, relationship quality, and long-term loyalty in the financial services industry.

**Key Words:** CRM, Customer Relationship, Customer Perception, Relationship Quality, NBFC, Customer Satisfaction

## 1. INTRODUCTION

The study finds that improving CRM strategies, increasing transparency, and boosting service responsiveness can greatly enhance customer satisfaction, relationship quality, and long-term customer loyalty in the financial services sector. Relationship quality includes trust, commitment, satisfaction, and communication.

These factors influence customer loyalty and retention. CRM systems help organizations understand customer

needs and offer personalized services. Customer perception refers to how customers see a company's services and overall performance. Therefore, CRM acts as a link between relationship quality and customer perception. It helps build trust and improves how customers view the company. Therefore, CRM acts as a link between relationship quality and customer perception.

## 2. NEED OF THE STUDY

- ❖ Sundaram Finance Limited has been growing steadily by providing reliable and customer-focused financial services in India.
- ❖ The company offers flexible loan solutions and quick financial help, which raises customer expectations for quality service and support.
- ❖ Generating new customers through referrals is now a key strategy for expanding the company's customer base.
- ❖ Effective Customer Relationship Management practices help Sundaram Finance maintain strong and long-term relationships with customers.
- ❖ Relationship quality depends on trust, commitment, and customer satisfaction. Clear communication with clients helps build strong and lasting relationships.
- ❖ Most existing studies focus on customer satisfaction and service quality, but there is limited research on CRM practices specifically within Sundaram Finance.

## 3. OBJECTIVES OF THE STUDY

- ✓ To examine the CRM practices followed by Sundaram Finance
- ✓ To evaluate how CRM influences the quality of customer relationships
- ✓ To understand customers' views and perceptions towards CRM activities
- ✓ To determine the main factors affecting customer satisfaction
- ✓ To suggest suitable measures to improve CRM effectiveness.

#### 4. SCOPE OF THE STUDY

The present study focuses on examining the role of Customer Relationship Management (CRM) practices in enhancing relationship quality and customer referrals within the Non-Banking Financial Companies (NBFCs) sector. The study mainly focuses on how CRM practices used by NBFCs affect customer perception.

It also examines how these practices help build strong relationships with customers. In addition, the study looks at how satisfied customers are more likely to refer others. Overall, it highlights the role of CRM in improving customer loyalty and trust.

#### 5. LITERATURE REVIEWS

**i.K. Revathy & D. Murugesan (2025) Retail lending practices and their impact on customer experience and loyalty with respect** - It highlights that factors such as product features, service quality, and technology adoption significantly shape customer perceptions show that simplified processes and digital services improve customer satisfaction. A positive relationship between customer experience and loyalty was identified, indicating that better service delivery leads to stronger customer retention.

**ii.Md. Sufiyan (2025) studied the impact of State Bank of India retail banking on customer satisfaction** - The study found that service quality, staff responsiveness, and technology are key factors influencing satisfaction. Using surveys and interviews, it concludes that efficient service delivery improves customer perception.

**iii.Dr. Bhupendra Kumar (2025) reliability and loyalty factors of public and private sector banks** - This research examines reliability and loyalty factors in public and private sector banks, focusing on loan products. It finds that service reliability, efficient loan processing, and customized offerings significantly influence customer loyalty. The study highlights that innovative service techniques and responsiveness improve trust among customers..

**iv.Aithal P. S. & Vinay V. Prabhu (2025) The evolution of banking industry in India** - It highlights the shift from traditional systems to digital platforms, improving efficiency and service delivery. Analytical tools such as SWOT and PESTLE are used to evaluate industry changes. The findings show that technology enhances operational performance and customer experience. The study highlights that financial institutions need to keep innovating and adopt digital technologies to stay competitive. It also shows that continuous improvement is important for long-term growth and success.

#### 6. RESEARCH METHODOLOGY

Research methodology refers to the systematic process used to collect, analyze, and interpret information related to a specific research topic. It helps researchers plan their study effectively and achieve their objectives using appropriate tools and techniques. It includes important components such as research design, methods of data collection, techniques of data analysis, and the overall framework within which the study is conducted.

Research design is the blueprint of a study that explains how the research will be carried out. It outlines the procedures for data collection, the steps involved in the study, and the tools used for analysis. It also links the research problem with suitable methods, ensuring that the study remains clear, organized, and ethically conducted.

- ✓ Primary Data: Questionnaire method
- ✓ Sample Size: 148 respondents
- ✓ Sampling Technique: Convenience sampling
- ✓ Tools Used: ANOVA & Chi-square.

##### 6.1 ANOVA

NULL HYPOTHESIS (H0): There is no significant difference in customer perception based on CRM practices in Sundaram Finance.

ALTERNATIVE HYPOTHESIS (H1): There is a significant difference in customer perception based on CRM practices in Sundaram Finance.

Table showing the analysis of ANOVA between the variables

ANOVA					
CRM practices significantly improve customer relationships in sundaram finance					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.681	3	3.227	2.846	.040
Within Groups	163.312	144	1.134		
Total	172.993	147			

## INTERPRETATION

The ANOVA result shows that the significance value ( $p = 0.040$ ) is less than 0.05. So, the **null hypothesis ( $H_0$ ) is rejected** and the **alternative hypothesis ( $H_1$ ) is accepted**. This shows that **customer perception differs significantly based on CRM practices**.

### 6.2 CHI-SQUARE( $X^2$ )

**NULL HYPOTHESIS ( $H_0$ ):** There is no significant association between CRM practices and customer perception in Sundaram Finance.

**ALTERNATIVE HYPOTHESIS ( $H_1$ ):** There is a significant association between CRM practices and customer perception in Sundaram Finance.

Table showing analysis of chi square between the variables

## INTERPRETATION

The Chi-square result shows that the significance value ( $p = 0.007$ ) is less than 0.05. So, the **null hypothesis ( $H_0$ ) is rejected** and the **alternative hypothesis ( $H_1$ ) is accepted**. This indicates that **CRM practices and customer perception are related to each other**. However, as many cells have small expected values, the findings should be **considered carefully while drawing conclusions**.

## 7. SUGGESTIONS

- ✓ Improve digital platform efficiency
- ✓ Enhance complaint handling system
- ✓ Provide employee training for communication
- ✓ Increase transparency in services
- ✓ Focus on personalized customer service

## 8. CONCLUSIONS

The study finds that CRM practices play an important role in shaping relationship quality and customer perception. Proper use of CRM helps organizations build trust, improve communication, and enhance overall customer satisfaction. At the same time, there are areas that need attention, such as personalization of services, transparency in communication, and the effectiveness of digital platforms. Improving these aspects can lead to better customer experiences, stronger loyalty, and long-term relationships with customers.

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CHI-SQUARE			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.114 <sup>a</sup>	16	.007
Likelihood Ratio	29.725	16	.019
Linear-by-Linear Association	2.407	1	.121
N of Valid Cases	148		
a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .01.			

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